



Legislative Bulletin.....October 10, 2001

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H.R. 1992—Internet Equity and Education Act

H.R. 1992—Internet Equity and Education Act (Isakson)

Order of Business: The bill is scheduled to be considered on Wednesday, October 10th, subject to a modified closed rule. An amendment in the nature of a substitute offered by Rep. Patsy Mink (summary below) has been made in order.

Summary: H.R. 1992 would alter the eligibility of institutions and academic programs that receive federal financial aid under the Higher Education Act of 1965 (HEA). The bill would also modify the current prohibition on incentive payments from institutions of higher learning to private entities engaged in student recruitment activities.

Specifically, H.R. 1992 would exempt courses taught via telecommunications (such as on-line courses or other “distance learning” programs) from certain limitations on student financial assistance (i.e. the 50-percent rule, requiring that an institution provide at least 50 percent of its instruction in person), subject to certain conditions. One such condition is that the cohort loan default rate of participating institutions must be less than 10% for each of the three most recent fiscal years. The bill would re-define (for the purpose of determining an academic year for student aid programs), a “week of instruction” as one in which at least one day of regularly scheduled instruction or examinations occurs, or at least one day of study for final examinations occurs after the last scheduled day of classes. [This re-definition would relax a rule requiring financial-aid students to spend at least 12 hours a week in class if enrolled in courses that are not on a semester, trimester, or quarter system.]

Additionally, H.R. 1992 would prohibit HEA-participating educational institutions from making any incentive payment (such as a commission or bonus) to admissions personnel for securing enrollments or financial aid, with a few limited exceptions (such as recruitment of foreign students who are not eligible to receive federal student aid).

Any institution of higher learning that seeks to qualify for the above-mentioned exceptions to and relaxing of HEA regulations would have to notify the Secretary of Education of:

- the amount or method of qualifying instruction offered;
- the types of programs or courses offered;
- enrollment by type of program or course;

- the amount and types of HEA assistance provided to students enrolled in programs conducted in “nontraditional formats;”
- outcomes for students enrolled in such courses or programs.

The Secretary of Education would be required to contract a study and report to Congress by March 31, 2003, on the success of the provisions of H.R. 1992, as well as on year-to-year changes in key variables (i.e. the bullet points listed above) as a direct result of distance-learning programs.

Lastly, H.R. 1992 would authorize funds to be made available for continuing grants under the Learning Anytime Anywhere Partnerships (LAAP) program from the Fund for Improvement of Postsecondary Education if for any fiscal year funds are not specifically appropriated for Learning Anytime Anywhere. The LAAP program provides grants and contracts to “enhance the delivery, quality, and accountability of post-secondary education and career-oriented lifelong learning through technology and related innovations.”

Summary of the Mink Amendment in the Nature of a Substitute: The Mink amendment would eliminate the bill’s re-definition of a “week of instruction” (for the purpose of determining an academic year for student aid programs). The re-definition contained in the base bill would relax a rule requiring financial-aid students to spend at least 12 hours a week in class if enrolled in courses that are not on a semester, trimester, or quarter system.

The Mink amendment would also eliminate the bill’s prohibition on incentive compensation to admissions personnel for securing enrollments or financial aid. That is, the Mink amendment would retain current law allowing incentive payments to college and university recruiters (participating in HEA financial aid programs).

All other provisions of the base text, word for word, would be retained by the Mink amendment.

Note: According to documents in House Report 107-225, the following higher education organizations have serious concerns about the base bill: the National Association of Independent Colleges and Universities, the American Federation of Teachers, the American Association of University Professors, and the United States Student Association. Members of the RSC Education Task Force have co-sponsored H.R. 1992, and all RSC members on the Education and the Workforce Committee voted (or declared they would have voted) to report the bill favorably to the House floor.

Cost to Taxpayers: CBO estimates that H.R. 1992 would cost less than **\$500,000** a year, assuming the appropriation of necessary funds, and would increase mandatory spending (primarily for federal loan programs) by less than **\$500,000** per year for at least FY2002-FY2006. The bill has no sunset provision.

Does the Bill Create New Federal Programs or Rules?: The bill would modify current law regarding federal financial assistance under the Higher Education Act of 1965.

Constitutional Authority: The Education and the Workforce Committee (in House Report 107-225) cites constitutional authority in Article I, Section 8, Clause 1 (powers to lay and collect taxes, pay the debts, provide for the common defense and general welfare). The Committee fails to mention which specific power it is citing in such Clause.

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